Registered number: OC304887

# RUBICON PARTNERS INDUSTRIES LLP

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2017

## INFORMATION

**Designated Members**

AO Fischer
AT Fletcher
I Fisher

**Members**

Tim Holdings Limited
RP Industries Limited
Fischer Property Holdings Limited

**LLP *registered* number**

OC304887

**Registered office**

8-12 York Gate, London, NW1 4QG

**Independent auditors**

PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL

RUBICON PARTNERS INDUSTRIES LLP

## CONTENTS

## STRATEGIC REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2017

The members present their strategic report for the year ended 31 December 2017.

Group turnover for the year increased by 3% to £38,384,000 (2016: £37,365,000) and group profit on ordinary activities before taxation was £205,000 (2016: £320,000 loss). Both the level of business and the year-end position were satisfactory, and the group is forecasting a further increase in activity during 2018. The group has the following trading companies:

MGS Precision Limited
The market conditions continue to be challenging with the downturn in oil and gas and marine trade impacting a number of our global markets. However, through continued investment in the industrial power product range the orders received by the company have been in line with 2016. In order to support the longer term strategy of the business in increasing the range offered, the level of product development has impacted the operational performance resulting in a reduction in overall revenue. However, the increased product range resulting from this development activity positions the business strongly for future sales growth. Other markets such as aerospace, defence and motorsport have performed as expected and continue to be strong sectors for the business.

The business has continued to develop its ability to provide small batch, highly complex and fast response machining to client requirements and has secured a number of new clients in this sector. Despite the technically demanding, rapidly changing environment MGS has continued to provide high levels of service. Raw material costs remain a large expenditure and continue to be closely monitored and controlled.

Operationally, the business has rolled out a lean initiative and is positive that this will further improve efficiencies and continue to place the customer at the centre of the business. The M1, ERP system continues to improve with new functionality being added at regular intervals. The business continues to invest in appropriate capital equipment to support its main market sectors and the ongoing development of the Industrial power product range.

Boddingtons Plastics Limited
The company has continued to improve its operating efficiency and is well placed to take advantage of increases in demand following the investment in additional factory and equipment during 2016. The higher cost associated with the new factory and delays to projects in the medical sector impacted results; nevertheless the directors consider the company's financial position at the year-end to be satisfactory. The company will continue to seek opportunities to expand its range of products in areas relating to its existing and prospective new activities and markets.

XL Precision Technologies Limited
The company made significant progress in 2016 in developing new customers and setting up volume production in the Sports Medicine, Minimally Invasive Surgery and Cardio-Vascular device market sectors. The customer profile is now wider and more robust. Revenue increased by 29% with gross margin over 50%. The new USA facility is now established and recruitment of engineers started at the end of the year. This facility will increase production activity during 2017. The market strategy of the company is to focus on the medical device sector providing sub-contract components and sub-assemblies.

Stylex Auto Products Limited
Turnover for 2017 increased by 17% on 2016 as a new automotive trim project launched. Gross profit increased by 13% over 2016 as the new project attracted substantial set-up costs. The successful product launch enables Stylex to position itself as an automotive trim supplier, with another project commencing in early 2018. Overall administrative expenses increased by 14%, as in order to support the revenue development for 2018 and beyond, the manufacturing and engineering capabilities were strengthened during 2017.

The Directors consider this focussing on the enhancement of the manufacturing and engineering process capability of the business to be a key stage in the continued growth of the business, supporting the automotive and leisure trim sectors. Investment activities undertaken in 2017 support the active growth of these sectors and improving margins, while training and development continue to be key areas of focus.

## STRATEGIC REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2017

Future developments
The members believe that the group's position in the market place is strong and they look forward to development in the future. The group is well positioned worldwide to develop relationships with new customers whilst continuing to support core existing customers and their industries.

Principal risks and uncertainties
The management of the business and the execution of the group's strategy are subject to a number of risks. The key risks and uncertainties affecting the group are the risks of stock obsolescence, the risks of defaults on debts from customers, the risks associated with geographical and market spread, foreign exchange risk and the risks associated with a small number of customers representing a large proportion of the group's turnover. The pace of change is often very fast and rigorous checks are maintained over the group's products to ensure that they remain current and of value to customers. Obsolete stocks are marked down, and where they cannot be disposed of they are scrapped. The exposure to bad debts has historically been reasonably low due to the tight credit control procedures that the group maintains. Short term risk to a small number of key customers is managed by business contacts whilst in the long term the customer base is being grown.

Name I Fisher
Designated Member
Date 19 April 2018

# MEMBERS' REPORT
# FOR THE YEAR ENDED 31 DECEMBER 2017

The members present their annual report together with the audited financial statements of Rubicon Partners Industries LLP (the 'LLP and the Group) for the ended 31 December 2017.

## PRINCIPAL ACTIVITIES

The LLP's principal activity is that of a holding entity and the principal activities of its group undertakings are disclosed in note 14.

## DESIGNATED MEMBERS

AO Fischer, AT Fletcher and I Fisher were designated members of the LLP and the Group throughout the year.

AO Fischer is a beneficiary of the Fischer Family Trust represented by Fischer Property Holdings Limited.
I Fisher is a potential beneficiary of the Fisher Family Settlement. New World Trust Corporation as Trustee of the Fisher Family Settlement beneficially owns the issued share capital of Tim Holdings Limited.

## MEMBERS' CAPITAL AND INTERESTS

Details of changes in total members' interests in the year ended 31 December 2017 are set out in the Consolidated and LLP Reconciliation of Members' Interests.

All net income and losses, capital gains and capital losses shall be allocated to the members in proportion to their units or such other proportions that the members may unanimously agree in writing from time to time.
All income and capital proceeds of the LLP shall be distributed after payment of expenses and liabilities of the LLP and the priority share, to all members in proportion to their units.

The LLP permits drawings by the members unless this adversely affects the cash flow of the business. Each member shall be at liberty to draw out for their separate use on account of their accruing profit share for the then current accounting year such monthly amount as the members shall decide by unanimous resolution. The LLP has no fixed policy relating to the subscription and repayment of amounts subscribed.

## FINANCIAL RISK MANAGEMENT

The group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, liquidity risk and credit risk.

The group's subsidiary undertakings are exposed to commodity price risk and credit risk as a result of their day-to-day operations. The members of the LLP are of the opinion that the costs of managing any exposure to commodity price risk would outweigh any potential benefits. In respect of the latter, subsidiary companies have established procedures to ensure that appropriate credit checks and limits are used, together with reviews and approvals by senior management.

## EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment within the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the performance of their business units and of the group as a whole.

## MEMBERS' RESPONSIBILITIES STATEMENT

The members are responsible for preparing the financial statements in accordance with applicable law and regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the group and limited liability partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, as applied to limited-liability partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and limited liability partnership and of the profit or loss of the group and limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and limited liability partnerships transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by Regulations. The members are also responsible for safeguarding the assets of the partnership and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are members at the time when this Strategic Report is approved has confirmed that:

- so far as the member is aware, there is no relevant audit information of which the LLP and the Group's auditors are unaware, and
- the member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the LLP and the Group's auditors are aware of that information.

**INDEPENDENT AUDITORS**

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the members on 19 April 2018 and signed on their behalf by:

**I Fisher**
**Designated member**

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RUBICON PARTNERS INDUSTRIES LLP

## Report on the audit of the financial statements

### Our opinion

In our opinion, Rubicon Partners Industries LLP's group financial statements and limited liability partnership financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at 31 December 2017 and of its group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 " The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law) ; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liabilitiy partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report") which comprise: the consolidated and LLP balance sheets as at 31 December 2017; the consolidated profit and loss account and statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and LLP reconciliations of members' interests for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fullfiled our other ethical repsonsibilities in accordance with these requirements.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainites that may cast significant doubt about the group's and limited liability partnerhsip's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and limited liability partnership's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RUBICON PARTNERS INDUSTRIES LLP

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material statements or a material misstatement of the other information. If, based on the work we have performed, we conculde that there is a material misstatement of this other infomration , we are required to report that fact. We have nothing to report based on these responsibilities.

## Responsibilities for the financial statements and the audit

### Responsibilities of the members for the financial statements

As explained more fully in the Members' Responsibilities Statement set out on page 4, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the limited liability partnership's ability to continues as a going concern, disclosing as applicable, matters related to going concern and using the partnership or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that inculdes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatment when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonaby be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Use of this report

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

**Companies Act 2006 exception reporting**
Under the Companies Act 2006 as applicable to limited liability parthnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Leeds

19 April 2018

## CONSOLIDATED PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED 31 DECEMBER 2017

| | Note | 2017<br>£000 | 2016<br>£000 |
|---|---|---|---|
| Turnover | 4 | **38,384** | *37,365* |
| Cost of sales | | **(25,644)** | *(23,820)* |
| **GROSS PROFIT** | | **12,740** | *13,545* |
| Distribution costs | | **(152)** | *(186)* |
| Administrative expenses | | **(14,190)** | *(13,459)* |
| Other operating income | 5 | **98** | *4* |
| **OPERATING LOSS** | 6 | **(1,504)** | *(96)* |
| Income from investments | | **1,976** | - |
| Interest receivable and similar income | | **37** | - |
| Interest payable and similar charges | 10 | **(304)** | *(224)* |
| **PROFIT / (LOSS) BEFORE TAX** | | **205** | *(320)* |
| Tax on profit / (loss) | 11 | **(141)** | *(111)* |
| **PROFIT / (LOSS) FOR THE YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES** | | **64** | *(431)* |
| **(LOSS) / PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:** | | | |
| Non-controlling interests | | **133** | *148* |
| Owners of the parent | | **(69)** | *(579)* |
| | | **64** | *(431)* |
| Profit/(loss) for the year before members' remuneration and profit shares | | **64** | *(431)* |
| Members' remuneration charged as an expense | | **69** | *579* |
| Non-controlling interests | | **(133)** | *(148)* |
| **RESULT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS** | | **-** | - |

The notes on pages 18 to 46 form part of these financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

| | Note | 2017 £000 | *2016 £000* |
|---|---|---|---|
| Profit / (loss) for the financial year | | **64** | *(431)* |
| **Other comprehensive expense** | | | |
| Actuarial loss on defined benefit schemes | 25 | **(258)** | *(210)* |
| **Other comprehensive expense for the year** | | **(258)** | *(210)* |
| **Total comprehensive expense for the year** | | **(194)** | *(641)* |
| **Total comprehensive expense / income attributable to:** | | | |
| Non-controlling interest | | **133** | *148* |
| Owners of the parent LLP | | **(327)** | *(789)* |
| | | **(194)** | *(641)* |

## CONSOLIDATED BALANCE SHEET
## AS AT 31 DECEMBER 2017

| | Note | | 2017 £000 | | 2016 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 12 | | **5,311** | | *5,992* |
| Tangible assets | 13 | | **6,334** | | *6,687* |
| Investments | 14 | | **35** | | *35* |
| | | | **11,680** | | *12,714* |
| **Current assets** | | | | | |
| Stocks | 15 | **4,276** | | *3,931* | |
| Debtors | 16 | **7,468** | | *7,264* | |
| Cash at bank and in hand | 17 | **50** | | *85* | |
| | | **11,794** | | *11,280* | |
| Creditors: amounts falling due within one year | 18 | **(9,784)** | | *(7,293)* | |
| | | | **2,010** | | *3,987* |
| | | | **13,690** | | *16,701* |
| Creditors: amounts falling due after more than one year | 19 | | **(1,856)** | | *(2,698)* |
| **Provisions for liabilities** | | | | | |
| Non-controlling interests | | | **(933)** | | *(800)* |
| | | | **10,901** | | *13,203* |

## CONSOLIDATED BALANCE SHEET (CONTINUED)
## AS AT 31 DECEMBER 2017

| | Note | | 2017 £000 | | *2016 £000* |
|---|---|---|---|---|---|
| **Represented by:** | | | | | |
| **Loans and other debts due to members within one year** | | | | | |
| Other amounts | | | 12,473 | | *14,518* |
| | | | 12,473 | | *14,518* |
| **Equity attributable to owners of the parent company** | | | | | |
| Members' capital classified as equity | | 1,539 | | *1,539* | |
| Other reserves classified as equity | | (3,111) | | *(2,854)* | |
| | | | (1,572) | | *(1,315)* |
| **Total members' interests** | | | 10,901 | | 13,203 |
| Loans and other debts due to members | | | 12,473 | | *14,518* |
| Members' other interests | | | (1,572) | | *(1,315)* |
| | | | 10,901 | | *13,203* |

The financial statements on pages 9 to 46 were approved and authorised for issue by the members and were signed on their behalf 19 April 2018.

**I Fisher**
**Designated member**

The notes on pages 18 to 46 form part of these financial statements.

## LLP BALANCE SHEET
## AS AT 31 DECEMBER 2017

| | Note | | 2017 £000 | | 2016 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investments | 14 | | **11,200** | | *11,200* |
| | | | **11,200** | | *11,200* |
| **Current assets** | | | | | |
| Debtors | 16 | **5,556** | | *6,926* | |
| | | **5,556** | | *6,926* | |
| **Total assets less current liabilities** | | | **16,756** | | *18,126* |
| Creditors: amounts falling due after more than one year | 19 | | - | | *(1,370)* |
| **Net assets attributable to members** | | | **16,756** | | *16,756* |

## LLP BALANCE SHEET (CONTINUED)
## AS AT 31 DECEMBER 2017

| | Note | | 31 December 2017 £000 | | *31 December 2016 £000* |
|---|---|---|---|---|---|
| **Represented by:** | | | | | |
| **Loans and other debts due to members within one year** | | | | | |
| Other amounts | | | **15,217** | | *15,217* |
| | | | **15,217** | | *15,217* |
| **Members' other interests** | | | | | |
| Members' capital classified as equity | | **1,539** | | *1,539* | |
| | | | **1,539** | | *1,539* |
| | | | **16,756** | | *16,756* |
| **Total members' interests** | | | | | |
| Loans and other debtors due to members | | | **15,217** | | *15,217* |
| Members' other interests | | | **1,539** | | *1,539* |
| | | | **16,756** | | *16,756* |

The financial statements on pages 9 to 46 were approved and authorised for issue by the members and were signed on their behalf on 19 April 2018.

**I Fisher**
**Designated member**

The notes on pages 18 to 46 form part of these financial statements.

## CONSOLIDATED RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 DECEMBER 2017

| | Members' capital (Classified as equity) | Other reserves | Total members' other interests | Loans and debts due to members less any amounts due from members in debtors | Total Members' Interests |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| **Members' interests: balance at 1 January 2016** | **639** | **(2,644)** | **(2,005)** | **15,097** | **13,092** |
| **Members' interests after profit / (loss) for the year** | **639** | **(2,644)** | **(2,005)** | **15,097** | **13,092** |
| Allocated profit / (loss) for the year | - | **(210)** | **(210)** | **(579)** | **(789)** |
| Capital introduced by members | **900** | - | **900** | - | **900** |
| **Members' interests: balance at 31 December 2016** | **1,539** | **(2,854)** | **(1,315)** | **14,518** | **13,203** |
| **Members' interests after profit for the year** | **1,539** | **(2,855)** | **(1,316)** | **14,518** | **13,202** |
| Allocated loss for the year | - | **(256)** | **(256)** | **(69)** | **(325)** |
| Amounts withdrawn by members | - | - | - | **(1,976)** | **(1,976)** |
| **Members' interests: balance at 31 December 2017** | **1,539** | **(3,111)** | **(1,572)** | **12,473** | **10,901** |

In the event of the Group winding up, loans and other debts due to members rank alongside unsecured creditors.

## LLP RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 DECEMBER 2017

| | Members' capital (Classified as equity) | Total members' other interests | Loans and debts due to members less any amounts due from members in debtors | Total Members' Interests |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Members' interests: balance at 1 January 2016** | 639 | 639 | 15,217 | 15,856 |
| **Members' interests after profit for the year** | 639 | 639 | 15,217 | 15,856 |
| Capital introduced by members | 900 | 900 | - | 900 |
| **Members' interests: balance at 31 December 2016** | 1,539 | 1,539 | 15,217 | 16,756 |
| **Members' interests after profit for the year** | 1,539 | 1,539 | 15,217 | 16,756 |
| Allocated Profit for the year | - | - | 1,976 | 1,976 |
| Amounts withdrawn by members | - | - | (1,976) | (1,976) |
| **Members' interests: balance at 31 December 2017** | 1,539 | 1,539 | 15,217 | 16,756 |

In the event of the company winding up, loans and other debts due to members rank alongside unsecured creditors.

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2017

| | 2017 £000 | *2016 £000* |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit / (loss) for the financial year | **64** | *(431)* |
| **Adjustments for:** | | |
| Amortisation of intangible assets | **681** | *681* |
| Depreciation of tangible assets | **1,777** | *962* |
| Government grants | **(2)** | *(4)* |
| Interest paid | **267** | *224* |
| Taxation charge | **141** | *111* |
| (Increase) in stocks | **(345)** | *(647)* |
| (Increase) in debtors | **(329)** | *(724)* |
| (Decrease) / increase in creditors | **(767)** | *835* |
| (Decrease) in net pension assets/ liabilities | **(256)** | *(210)* |
| Corporation tax received | **102** | *195* |
| Foreign exchange | **(91)** | *(67)* |
| **CASH FLOWS GENERATED FROM OPERATING ACTIVITIES** | **1,242** | *925* |
| **CASH FLOWS USED IN INVESTING ACTIVITIES** | | |
| Purchase of tangible fixed assets | **(1,579)** | *(2,689)* |
| Sale of tangible fixed assets | **-** | *33* |
| **NET CASH USED IN INVESTING ACTIVITIES** | **(1,579)** | *(2,656)* |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| New secured loans | **1,601** | *-* |
| Repayment of loans | **(509)** | *(650)* |
| New finance leases | **658** | *2,407* |
| Repayment of finance leases | **(1,042)** | *(598)* |
| Interest paid | **(213)** | *(157)* |
| Members' capital contributed | **-** | *900* |
| **NET CASH GENERATED FROM FINANCING ACTIVITIES** | **495** | *1,902* |
| **INCREASE IN CASH AND CASH EQUIVALENTS** | **158** | *171* |
| Cash and cash equivalents at beginning of year | **(439)** | *(610)* |
| **CASH AND CASH EQUIVALENTS AT THE END OF YEAR** | **(281)** | *(439)* |
| **CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:** | | |
| Cash at bank and in hand | **50** | *85* |
| Bank overdrafts | **(331)** | *(524)* |
| | **(281)** | *(439)* |

## 1. General Information

The principal activity of the LLP during the year was that of a holding company and is expected to remain so for the foreseeable future. The LLP is a members' limited liability partnership and is incorporated and domiciled in the UK. The address of its registered office is: 8-12 York Gate, London, NW1 4QG.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the recognition of certain financial liabilities measured at fair value and in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group and LLP's accounting policies (see note 3).

The following principal accounting policies have been applied consistently to all years presented:

### 2.2 Basis of consolidation

The consolidated financial statements present the results of the LLP and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

The LLP has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

## 2. Accounting policies (continued)

### 2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 2.4 Intangible assets

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Profit and Loss Account over its useful economic life.

The members review the level of goodwill for impairment at the end of the first full year after acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. If an impairment is required, losses will be recognised in the Consolidated Profit and Loss Account.

## 2. Accounting policies (continued)

### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

| | | |
|---|---|---|
| Long-term leasehold property | - | 2-5% per annum |
| Plant and machinery | - | 12.5-25% per annum |
| Fixtures and fittings | - | 10-25% per annum |
| Office equipment | - | 10-25% per annum |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated Profit and Loss Account.

### 2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

### 2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

## 2. Accounting policies (continued)

### 2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the entity's cash management.

### 2.10 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Consolidated Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 2. Accounting policies (continued)

### 2.10 Financial instruments (continued)

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

### 2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Profit and Loss Account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

### 2.13 Foreign currency translation

**Functional and presentation currency**

The company's functional and presentational currency is GBP. Amounts are presented in units of £000s unless otherwise stated.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

## 2. Accounting policies (continued)

### 2.14 Finance costs

Finance costs are charged to the Consolidated Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.15 Operating leases: Lessee

Leases that do not transfer the risks and rewards of ownership are classified as operating leases. Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

### 2.16 Pensions

***Defined contribution pension plan***

Certain companies within the Group operate their own individual defined contribution plans for their employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**Defined benefit pension plan**

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Consolidated Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

## 2. Accounting policies (continued)

### 2.16 Pensions (continued)

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and
b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

### 2.17 Interest income

Interest income is recognised in the Consolidated Profit and Loss Account using the effective interest method.

### 2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated Profit and Loss Account in the year in which they are incurred.

## 2. Accounting policies (continued)

### 2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the LLP and the Group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## 2. Accounting policies (continued)

### 2.20 Allocation of profits

All net income, net income losses, capital gains and capital losses shall be allocated to the members in proportion to their units or such other proportions that the members may unanimously agree in writing from time to time. Additional information regarding the allocation of profits is contained in the Members' Report.

### 2.21 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

## 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*(i) Impairment of goodwill*
The Group considers whether goodwill is impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

*(ii) Defined benefit pension scheme*
The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Actuarial consultants are used in setting assumptions, with involvement from management from a review and approval perspective.

## 4. Turnover

An analysis of turnover by class of business is as follows:

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Sale of goods - engineering products | 38,384 | 37,365 |
| | 38,384 | 37,365 |

Analysis of turnover by destination:

| | 2017 £000 | 2016 £000 |
|---|---|---|
| United Kingdom | 32,270 | 31,115 |
| Rest of Europe | 3,656 | 3,829 |
| Rest of the world | 2,458 | 2,421 |
| | 38,384 | 37,365 |

## 5. Other operating income

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Government grants receivable | 2 | 4 |
| Sundry income | 96 | - |
| | 98 | 4 |

## 6. Operating loss

The operating loss is stated after charging / ( crediting):

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Operating leases - land and buildings | 671 | 550 |
| Operating leases - plant and machinery | 60 | 60 |
| Operating leases - other | 260 | 215 |
| Depreciation of tangible fixed assets | 1,290 | 954 |
| Amortisation of intangible assets, including goodwill | 681 | 681 |
| Research & development charges as an expense | (30) | - |
| Fees payable to the Group's auditor and its associates for the audit of the Group's financial statements | 114 | 128 |
| Exchange differences | 144 | (84) |
| Defined contribution pension cost | 397 | 378 |

## 7. Auditors' remuneration

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Fees payable to the Group's auditor and its associates for the audit of the Group's financial statements | 114 | 128 |
| | 114 | 128 |
| **Fees payable to the Group's auditor and its associates in respect of:** | | |
| Other services relating to taxation | 66 | 96 |
| | 66 | 96 |

## 8. Employees

Staff costs, including members' remuneration, were as follows:

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Wages and salaries | 11,044 | 10,344 |
| Social security costs | 577 | 530 |
| Other pension costs | 359 | 380 |
| | 11,980 | 11,254 |

The average monthly number of persons (including members with contracts of employment) employed during the year was as follows:

| | 2017 No. | 2016 No. |
|---|---|---|
| Production | 256 | 247 |
| Administrative | 83 | 84 |
| | 339 | 331 |

## 9. Information in relation to members

| | 2017 Number | 2016 Number |
|---|---|---|
| The average number of members during the year was | 6 | 6 |
| | £000 | £000 |
| The average amount of (loss) / profit attributable to the members, and the amount of (loss) / profit attributable to the member with the largest entitlement was | (12) | (97) |

## 10. Interest payable and similar charges

| | 2017 £000 | *2016 £000* |
|---|---|---|
| Bank interest payable | 91 | *67* |
| Finance leases | 213 | *157* |
| | 304 | *224* |

## 11. Taxation on profit / (loss)

| | 2017 £000 | *2016 £000* |
|---|---|---|
| **Corporation tax** | | |
| Adjustments in respect of previous periods | 29 | *(223)* |
| **Total current tax** | 29 | *(223)* |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 112 | *334* |
| **Total deferred tax** | 112 | *334* |
| **Taxation on profit / (loss) on ordinary activities** | 141 | *111* |

## 11. Taxation on profit / (loss) (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2016 - lower than)* the standard rate of corporation tax in the UK of 19.25% *(2016 - 20.00%)*%). The differences are explained below:

| | 2017 £000 | *2016 £000* |
|---|---|---|
| Profit / (loss) on ordinary activities before tax | **205** | *(320)* |
| Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%) | **39** | *(64)* |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **277** | *3,605* |
| Adjustments to tax charge in respect of prior periods | **29** | *(223)* |
| Tax rate changes | **(18)** | *20* |
| Non-taxable income | **(37)** | *(2,811)* |
| Deferred tax not recognised on timing differences | **(458)** | *(566)* |
| Losses not recognised | **309** | *150* |
| **Total tax charge for the year** | **141** | *111* |

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015 and as part of Finance Bill 2016 on 6 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## 12. Intangible assets

**Group**

| | Goodwill |
|---|---|
| | **£000** |
| **Cost** | |
| At 1 January 2017 | 13,622 |
| **At 31 December 2017** | **13,622** |
| **Accumulated Amortisation** | |
| At 1 January 2017 | 7,630 |
| Charge for the year | 681 |
| **At 31 December 2017** | **8,311** |
| **Net book value** | |
| **At 31 December 2017** | **5,311** |
| *AT 31 December 2016* | *5,992* |

LLP
The limited liability partnership had no intangible assets at 31 December 2017 (2016: £nil).

## 13. Tangible fixed assets

### Group

| | Long-term leasehold property £000 | Plant and machinery £000 | Fixtures and fittings £000 | Office equipment £000 | Total £000 |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| At 1 January 2017 | 574 | 15,798 | 1,526 | 13 | 17,911 |
| Additions | 67 | 755 | 67 | 692 | 1,581 |
| Disposals | - | - | (715) | - | (715) |
| At 31 December 2017 | 641 | 16,553 | 878 | 705 | 18,777 |
| **Accumulated Depreciation** | | | | | |
| At 1 January 2017 | 309 | 9,927 | 975 | 13 | 11,224 |
| Charge for the year on owned assets | 55 | 1,005 | 155 | 562 | 1,777 |
| Disposals | - | - | (558) | - | (558) |
| At 31 December 2017 | 364 | 10,932 | 572 | 575 | 12,443 |
| **Net book value** | | | | | |
| At 31 December 2017 | 277 | 5,621 | 306 | 130 | 6,334 |
| *At 31 December 2016* | *265* | *5,871* | *551* | *-* | *6,687* |

The net book value of assets held under finance leases or hire purchase contracts, included above, at 31 December 2017 is £2,731,000 (2016: £3,928,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

## 14. Investments

**Group**

| | Trade investments £000 |
|---|---|
| At 1 January 2017 | 35 |
| At 31 December 2017 | 35 |
| *At 31 December 2016* | *35* |

**Subsidiary undertakings**

The following were subsidiary undertakings of the LLP:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|---|---|---|---|---|
| Stylex Auto Products (Holdings) Limited | England | Ordinary | 100 % | Holding company |
| Stylex Auto Products Limited | England | Ordinary | 100 % | Manufacture of car and leisure vehicle accessories |
| WH Boddington & Co (Holdings) Limited | England | Ordinary | 100 % | Holding company |
| Boddingtons Plastics Limited | England | Ordinary | 100 % | Plastic injection moulder |
| MGS Group (Holdings) Limited | England | Ordinary | 100 % | Holding company |
| MGS Precision Limited | England | Ordinary | 100 % | Manufacturer of precision engineered components |
| XL edm Holdings Limited | England | Ordinary | 100 % | Holding company |
| XL Precision Technologies Limited | England | Ordinary | 80 % | Manufacturer of precision engineered components |
| Finance Holdings Limited | England | Ordinary | 100 % | Holding company |
| Rainbow D Incorporated | England | Ordinary | 100 % | Dormant |
| Vector Building Products Limited | England | Ordinary | 100 % | Holding Company |
| Vector Engineering Products Limited | England | Ordinary | 100 % | Dormant |
| Vector Naco Limited | England | Ordinary | 100 % | Non-trading Company |

## 14. Investments (continued)

| | | | | |
|---|---|---|---|---|
| Vector PensionTrustees Limited | England | Ordinary | 100 % | Pension Trustees |
| Vector Industries Limited | England | Ordinary | 100 % | Holding Company |

The registered addresses of the companies in the investment table are as follows:

Boddingtons Plastics Limited: Wheelbarrow Park Estate Pattenden Lane, Marden, Tonbridge, Kent, TN12 9QJ
MGS Precision Limited: Newcastle St, Stone, Staffs, ST15 8JU
XL Precision Technologies Limited: Unit 79 Sadler Forster Way, Teesside Industrial Estate, Stockton-On-Tees, Cleveland, TS17 9JY
Stylex Auto Products Limited: Stylex Auto Products Limited
All other companies: 8-12 York Gate, London, NW1 4QG

**LLP**

| | **Investments in subsidiary companies £000** |
|---|---|
| **Cost or valuation** | |
| At 1 January 2017 | **11,200** |
| At 31 December 2017 | **11,200** |
| **Impairment** | |
| At 1 January 2017 | **-** |
| At 31 December 2017 | **-** |
| **Net book value** | |
| At 31 December 2017 | **11,200** |
| *At 31 December 2016* | *11,200* |

## 15. Stocks

| | Group 2017 £000 | Group 2016 £000 | LLP 2017 £000 | LLP 2016 £000 |
|---|---|---|---|---|
| Raw materials and consumables | 2,483 | 2,131 | - | - |
| Work in progress (goods to be sold) | 385 | 392 | - | - |
| Finished goods and goods for resale | 1,408 | 1,408 | - | - |
| | 4,276 | 3,931 | - | - |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

## 16. Debtors

| | Group 2017 £000 | Group 2016 £000 | LLP 2017 £000 | LLP 2016 £000 |
|---|---|---|---|---|
| **Due after more than one year** | | | | |
| Amounts owed by group undertakings | - | - | 5,556 | 6,926 |
| Other debtors | 2 | 2 | - | - |
| Deferred tax asset | 25 | 125 | - | - |
| | 27 | 127 | 5,556 | 6,926 |
| **Due within one year** | | | | |
| Trade debtors | 5,417 | 5,328 | - | - |
| Other debtors | 845 | 1,008 | - | - |
| Prepayments and accrued income | 1,053 | 650 | - | - |
| Tax recoverable | 24 | 35 | - | - |
| Deferred taxation | 102 | 116 | - | - |
| | 7,468 | 7,264 | 5,556 | 6,926 |

Amounts owed by group undertakings are unsecured, interest bearing at a group determined rate and have no fixed date of repayment. The directors have confirmed that the loans will not be called for repayment for at least one year from the balance sheet date.

## 17. Cash at bank and in hand

| | **Group 2017 £000** | *Group 2016 £000* | **LLP 2017 £000** | *LLP 2016 £000* |
|---|---|---|---|---|
| Cash at bank and in hand | **50** | *85* | - | - |
| Less: bank overdrafts | **(331)** | *(524)* | - | - |
| | **(281)** | *(439)* | - | - |

## 18. Creditors: amounts falling due within one year

| | **Group 2017 £000** | *Group 2016 £000* | **LLP 2017 £000** | *LLP 2016 £000* |
|---|---|---|---|---|
| Bank overdrafts | **331** | *524* | - | - |
| Other loans | **1,543** | *2* | - | - |
| Trade creditors | **4,179** | *3,889* | - | - |
| Other taxation and social security | **780** | *617* | - | - |
| Obligations under finance leases | **922** | *967* | - | - |
| Other creditors | **411** | *91* | - | - |
| Accruals and deferred income | **1,611** | *1,093* | - | - |
| Financial instruments | **7** | *110* | - | - |
| | **9,784** | *7,293* | - | - |

## 19. Creditors: amounts falling due after more than one year

| | **Group 2017 £000** | *Group 2016 £000* | **LLP 2017 £000** | *LLP 2016 £000* |
|---|---|---|---|---|
| Other loans | **16** | *468* | - | - |
| Net obligations under finance leases and hire purchase contracts | **1,840** | *2,230* | - | - |
| Amounts owed to group undertakings | - | - | - | *1,370* |
| | **1,856** | *2,698* | - | *1,370* |

Amounts owed to group undertakings are unsecured, interest bearing at a group determined rate and have no fixed date of repayment. The directors have confirmed that the loans will not be called for repayment for at least one year from the balance sheet date.

## 20. Loans

| | **Group 2017 £000** | *Group 2016 £000* | **LLP 2017 £000** | *LLP 2016 £000* |
|---|---|---|---|---|
| **Due within one year** | | | | |
| Other loans | **1,543** | *2* | **-** | *-* |
| | **1,543** | *2* | **-** | *-* |
| **Due after more than one year** | | | | |
| Other loans | **16** | *468* | **-** | *-* |
| | **16** | *468* | **-** | *-* |

## 21. Analysis of net debt

| | **As at 1 January 2017 £000** | **Cash flow £000** | **Non-cash changes £000** | **As at 31 December 2017 £000** |
|---|---|---|---|---|
| Cash at bank and in hand | **85** | **(35)** | **-** | **50** |
| Bank overdraft | **(524)** | **193** | **-** | **(331)** |
| Short term loan | **(2)** | **(1,541)** | **-** | **(1,543)** |
| Long term loan | **(468)** | **452** | **-** | **(16)** |
| Finance leases | **(3,197)** | **384** | **51** | **(2,762)** |
| **Net debt** | **(4,106)** | **(547)** | **51** | **(4,602)** |

## 22. Finance leases

Minimum lease payments under hire purchase fall due as follows:

| | Group 2017 £000 | Group 2016 £000 | LLP 2017 £000 | LLP 2016 £000 |
|---|---|---|---|---|
| Within one year | **922** | *967* | - | - |
| Between 1-2 years | **358** | *732* | - | - |
| Between 2-5 years | **1,482** | *1,498* | - | - |
| | **2,762** | *3,197* | - | - |

Finance lease obligations primarily relate to items of capital equipment, and all are covered under standard terms, with no significant restrictions or escalation clauses in place.

## 23. Deferred taxation

**Group**

| | Deferred tax £000 |
|---|---|
| At 1 January 2017 | **241** |
| Charged to the profit or loss | **(112)** |
| Utilised in year | **(2)** |
| **At 31 December 2017** | **127** |

The net deferred tax asset expected to reverse in 2017 is £127,000 (2016: £101,000). This primarily relates to short term timing differences and utilisation of tax losses.

There are £309,000 of tax losses that have not been recognised within the deferred tax asset (2016: £5,396,000)

LLP
The Limited Liability Partnership (LLP) has no deferred taxation liability or asset at 31 December 2017 or 31 December 2016. Deferred tax has not been recognised in those companies where it is more likely than not that it will not be recovered within the foreseeable future.

The deferred tax asset is made up as follows:

| | Group 2017 £000 | Group 2016 £000 | LLP 2017 £000 | LLP 2016 £000 |
|---|---|---|---|---|
| Accelerated capital allowances | **25** | *123* | - | - |
| Short term timing differences | **15** | *8* | - | - |
| Losses | **87** | *110* | - | - |
| | **127** | *241* | - | - |

## 24. Related party transactions

The limited liability partnership's ultimate controlling party is considered to be the members listed in the Members' Report, accordingly there is no parent entity.

Consultancy fees and expenses of £2,360,000 (2016: £2,568,000) were paid to a partnership, in which AT Fletcher, I Fisher and AO Fischer are interested parties, in respect of management services to the Rubicon Partners Industries LLP Group.

Consultancy fees and expenses of £1,843,000 (2016: £1,776,000) were received from RGI Fluid Limited, a company in which AO Fischer, I Fisher, JC Richardson and J Boucher are Directors, in respect of management services provided to the RGI Light Limited Group, Farsound Limited Group, RGI Star Limited Group.

Consultancy fees and expenses of £764,000 (2016: £1,770,000) were received from Schultz Bidco Limited, a company in which AO Fischer, I Fisher and JC Richardson in respect of management services provided to the Schultz Bidco Limited Group.

Consultancy fees and expenses of £1,450,000 (2016: Nil) were received from Thunderbird Bidco Limited, a company in which AO Fischer, I Fisher and JC Richardson in respect of management services provided to the Thunderbird Bidco Limited Group.

There have been no related party transactions with any of the managing directors of the trading companies (Boddingtons Plastics Limited, MGS Precision Limited, XL Precision Technologies Limited, Stylex Auto Products Limited). They are not deemed to be classified as Key Management Personnel in the context of the Group consolidated financial statements.

As XL Precision Technologies Limited is 80% owned at 31 December 2017, XL Precision Technologies Limited was owed £2,576,000 (2016: £2,790,000) by Finance Holdings Limited. XL Precision Technologies Limited received interest of £159,000 (2016: £130,000) in respect of the loan with Finance Holdings Limited. XL Precision Technologies Limited paid a management charge in the year of £79,000 (£115,000) to XL EDM Holdings Limited.

## 25. PENSION SCHEMES

The Group operates a defined benefit pension scheme for the benefit of employees of Vector Industries Limited, called the Vector Pension Scheme. The Scheme's assets are held in Trustee administered funds separate from the Company's finances.

### Assumptions

The determination of the assumptions used is the responsibility of the Directors of the Company who have set the assumptions with regard to advice given by an actuary, and a summary of the major assumptions is presented below:

| **Assumptions** | **At 31 December 2017** | At 31 December 2016 |
|---|---|---|
| Discount rate (1) | **Term dependent gilt interest rate plus 0.70% p.a.** | Term dependent gilt interest rate plus 0.80% p.a. |
| Rate of inflation (RPI) | **Term dependent gilt inflation rate** | Term dependent gilt inflation rate |
| Rate of inflation (CPI) | **Term dependent gilt inflation rate less 1.0% p.a.** | Term dependent swap inflation rate less 1.1% p.a. |
| Rate of increase to pensions in payment | **Inflation rates, subject to the applicable caps** | Inflation rates, subject to the applicable caps |
| Post retirement mortality | | |
| Base tables | **S2PA tables weighted by 109% for males and 101% for females** | S1PA tables weighted by 96% for males and 95% for females |
| Future projections | **Future improvements in line with the 2016 CMI core projection model with a long-term rate of improvement of 1% pa** | Future improvements in line with the 2013 CMI core projection model (rate of improvement of 1% pa) |
| Cash Commutation | **All members commute 25% of pension for cash at retirement based on a cash commutation factor of 13 at age 65** | All members commute 25% of pension for cash at retirement based on a cash commutation factor of 11.542 at age 65 |

(1) The Discount rate is set as 0.70% per annum (0.80% per annum for 31 December 2016) over the gilt interest rate curve (swaps curve used for 31 December 2016). For illustration the table below shows the 1, 3 and 5 year forward rates and the 20 year spot rate.

## 25. PENSION SCHEMES (continued)

Forward rates:

| Year | **At 31 December 2017** (includes 0.80% margin) | At 31 December 2016 (includes 0.8% margin) |
|---|---|---|
| 1 | **1.02%** | 0.76% |
| 3 | **1.42%** | 1.29% |
| 5 | **1.93%** | 2.03% |

Spot rates:

| Year | **At 31 December 2017** (includes 0.70% margin) | At 31 December 2016 (includes 0.80% margin) |
|---|---|---|
| 20 | **2.54%** | 2.75% |

Assumed life expectancies on retirement at age 65 are:

| | **At 31 December 2017** | At 31 December 2016 |
|---|---|---|
| Males retiring immediately | **21.3** | 21.6 |
| Females retiring immediately | **23.7** | 24.2 |
| Males retiring in 20 years' time | **22.3** | 23.1 |
| Females retiring in 20 years' time | **24.9** | 25.7 |

## 25. PENSION SCHEMES (continued)

**The value of assets held by the Scheme were:**

| | **At 31 December 2017**<br>**£000** | At 31 December 2016<br>£000 |
|---|---|---|
| Equity, property and hedge funds | **103,009** | 104,837 |
| Broad bonds | **9,346** | 20,076 |
| Cash, gilts and swaps | **62,412** | 47,069 |
| **Fair value of scheme assets** | **174,767** | 171,982 |
| **Net fair value of assets** | **174,767** | 171,982 |

The Scheme does not hold any ordinary shares issued or property occupied by Vector Industries Limited.

| | **At 31 December 2017**<br>**£000** | At 31 December 2016<br>£000 |
|---|---|---|
| **The Actual return on assets over the year** | **8,046** | 37,310 |

The summary of the scheme is as follows.

| | **At 31 December 2017**<br>**£000** | At 31 December 2016<br>£000 |
|---|---|---|
| Present value of scheme liabilities | **(147,549)** | (148,312) |
| Fair value of Scheme assets | **174,767** | 171,982 |
| Surplus | **27,218** | 23,670 |
| (Irrecoverable surplus) | **(27,218)** | (23,670) |

## 25. PENSION SCHEMES (continued)

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation:**

| | At 31 December 2017 £000 | At 31 December 2016 £000 |
|---|---|---|
| Liabilities at beginning of year | 148,312 | 122,799 |
| Interest cost | 3,639 | 4,340 |
| Actuarial loss | 1,115 | 25,711 |
| Benefits paid | (5,517) | (4,538) |
| Liabilities at end of year | **147,549** | 148,312 |

**Reconciliation of opening and closing balanced of the fair value of scheme assets:**

| | At 31 December 2017 £000 | At 31 December 2016 £000 |
|---|---|---|
| Fair value of scheme assets at beginning year of the year | **171,982** | 139,000 |
| Interest income on scheme assets | **4,234** | 4,927 |
| Return on assets, excluding interest income | **4,316** | 32,745 |
| Contributions by employers | **256** | 210 |
| Benefits paid | **(5,517)** | (4,538) |
| Scheme administration expenses | **(504)** | (362) |
| Fair value of scheme assets at end of year | **174,767** | 171,982 |

**Analysis of the amount charged to operating profit / (loss):**

| | At 31 December 2017 £000 | At 31 December 2016 £000 |
|---|---|---|
| Service cost – administrative cost | **504** | 362 |
| **Total expense** | **504** | 362 |

## 25. PENSION SCHEMES (continued)

**Re-measurement of the net defined benefit asset to be shown in Other Comprehensive Income (OCI)**

| | At 31 December 2017 £000 | At 31 December 2016 £000 |
|---|---|---|
| Actuarial losses on the liabilities | **1,115** | 25,711 |
| Return on assets, excluding interest income | **(4,316)** | (32,745) |
| Impact of surplus restriction | **(595)** | (587) |
| Change in irrecoverable surplus | **3,548** | 7,469 |
| Total re- measurement of the net defined benefit asset to be shown in OCI | **(248)** | (152) |

## 25. PENSION SCHEMES (continued)

**Additional disclosures required under FRS102**

**Characteristics of the Scheme**

**Information about the type of Scheme and funding policy**

The Scheme provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service. Since 31 July 2005 the Scheme has been closed to future accrual.

The Scheme is a registered scheme under UK legislation and was contracted out of the State Second Pension. The Scheme is subject to the scheme funding requirements outlined in UK legislation.

The Scheme was established from 1 August 2000 under trust and is governed by the following documents:

- Vector Pension Scheme's definitive trust deed and rules dated 1 August 2000;
- Vector Engineering Pension Scheme's definitive trust deed and rules dated 5 October 2000;
- Vector Industries Pension Scheme's definitive trust deed and rules dated 26 January 1996; and
- Any subsequent deeds and announcements, including the 2002 merger deed which incorporated the VEPS and VIPS benefits into the Scheme rules.

The Trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy in conjunction with the Company.

**Information about the most recent actuarial valuation of the scheme and the valuation of the defined benefit obligation at the accounting date:**

The most recent formal actuarial valuation of the Scheme was as at 31 March 2016.
Liability calculations are based on membership data as at 31 March 2016, in line with the data used for the 31 March 2016 actuarial valuation and the assumptions as set out in page 20: Allowance for benefit payments out of the Scheme is in line with the stated assumptions. The liabilities have been adjusted to allow for known benefit cash flows being higher than assumed over 2017 (largely due to transfers out of the Scheme), otherwise no allowance has been made for actual membership movements.

Such an approach is normal for the purposes of accounting disclosures. It is not expected that these projections will be materially different from a summation of individual calculations at the accounting date, although there may be some discrepancy between the actual liabilities for the Scheme at the accounting date and those included in the disclosures.

## 25. PENSION SCHEMES (continued)

**Membership data**

**Deferred Members**

| | 31 March 2016 |
|---|---|
| Number | 1,170 |
| Total annual pension | £2,288,100 p.a. |
| Average annual pension | £1,956 p.a. |
| Average age (un-weighted) | 51.3 |

**Current Pensioners**

| | 31 March 2016 |
|---|---|
| Number | 784 |
| Total annual pension | £3,017,800 p.a. |
| Average annual pension | £3,849 p.a. |
| Average age (un-weighted) | 69.8 |